



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Notice Of Application From Pacific Gas & Electric (PG&E) Company For A Gas Rate Decrease And Electric Revenue Increase: Annual Earnings Assessment Proceeding

MEETING DATE: June 2, 1999

PREPARED BY: City Clerk

RECOMMENDED ACTION: Information only, no action required.

BACKGROUND INFORMATION: The City Clerk's Office has received a notice of application from Pacific Gas & Electric (PG&E) Company for a gas rate decrease and electric revenue increase: annual earnings assessment proceeding (Exhibit A). This is information only, no Council action is required.

FUNDING: None

Alice M. Reimche
Alice M. Reimche
City Clerk

APPROVED: _____

H. Dixon Flynn -- City Manager



**Pacific Gas and
Electric Company**

EXHIBIT A

RECEIVED

MAY 17 4:10:50

CITY CLERK
CITY OF LOS ANGELES

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May 13, 1999

To State, County and City Officials:

**Notice of Application for a Gas Rate Decrease and
Electric Revenue Increase: Annual Earnings
Assessment Proceeding**

On May 3, 1999, Pacific Gas and Electric Company (PG&E) filed Application 99-05-007 with the California Public Utilities Commission (CPUC) which asks for changes in PG&E's electric and natural gas revenues. The application requests the CPUC to authorize a net electric revenue requirement increase of \$2.4 million and a net natural gas revenue decrease of \$736 thousand, effective January 1, 2000. If this application is approved by the CPUC, the changes would *normally* result in an increase in electric rates of about 0.03 percent. However, under state law, electric rates can not increase until 2002 or until stranded costs are collected, whichever occurs first. Therefore, the net electric revenue increase requested in the application will not affect electric rates during the current electric rate freeze, but may extend the period of the rate freeze. The gas revenue decrease asked for in the application will decrease gas rates as soon as approved by the CPUC.

The overall net increase results from the shareholder incentives that PG&E is eligible to receive for its energy efficiency programs over the past five years. PG&E has several programs to encourage customers to install energy-efficient measures and to transform energy efficiency into a self-sustaining marketplace. The CPUC has adopted shareholder incentive mechanisms to encourage PG&E to vigorously pursue the CPUC's energy efficiency goals. Under the rules established by the CPUC, PG&E is requesting shareholder incentives for energy efficiency accomplishments in 1998, 1997 and 1994. The amount to be recovered for these programs is offset by the expiration of the recovery of shareholder incentives for PG&E's 1996 energy efficiency programs. If PG&E had not earned a shareholder incentive for its 1996 programs, we

estimate that the electric revenue requirement would have increased by \$15.5 million and gas rates by \$1.4 million. The combined effect of the application, including interest, is a net electric revenue increase of \$2.4 million (0.03 percent) and a \$736 thousand (0.03 percent) decrease compared to present gas revenues. However, as described above, state law requires that the electric revenue increase will not change your rates at this time.

Here is how we propose to allocate the decrease to each gas customer class:

<i>Gas Customer Class</i>	<i>Revenue Decrease (thousands)</i>	<i>% Decrease</i>
Residential	-\$546	-0.05%
Small Commercial	-\$177	-0.05%
Large Commercial	-\$ 1.3	-0.006%
Industrial	-\$ 10	-0.02%
Cogeneration	-\$ 0.4	-0.001%
Electric Generation	-\$ 0.8	-0.001%
Wholesale	-\$ 0	-0.00%
Total Revenue Change	-\$736	-0.03%

EVIDENTIARY HEARINGS

Before acting on these applications, the CPUC will hold evidentiary hearings, expected to begin within the next several months. At these hearings, which are open to the public, the CPUC will receive the testimony of PG&E, the CPUC's Office of Ratepayer Advocates and other interested parties.

Participants at these hearings may offer proposals that differ from those of PG&E. After considering these proposals, the CPUC will issue its decision. The actual plan adopted by the CPUC may differ from what is requested by PG&E in this application, and may result in an increase or decrease in your individual gas rates.

If you want to participate in the hearings or send comments, if you need advice or more information, or if you want to get copies of the Office of Ratepayer Advocates' rate proposal when it is available, please write to:

The Public Advisor
California Public Utilities Commission
505 Van Ness Avenue, Room 5303
San Francisco, CA 94102

or via electronic mail to:
public.advisor@cpuc.ca.gov

Mention which application you are writing about (No. 99-05-007) and indicate if you would like a written response, otherwise no reply will be sent. Your letter will be sent to the Commissioners and will become part of the formal correspondence file for the relevant application.

FOR FURTHER INFORMATION

You can get more information from PG&E by writing to: AEAP Application, PG&E, P.O. Box 7442, San Francisco, CA 94120. You may review a copy of the PG&E application at our corporate headquarters (77 Beale Street, Room 3120, San Francisco, CA 94105), any of our division offices, or at the San Francisco office of the CPUC. Mention the name of the application about which you are inquiring.

The state, counties and municipal corporations, and other interested parties in the above-mentioned filing can obtain a copy of Application No. 99-05-007 and related exhibits upon request to me.

This notice is given in accordance with the requirements of Rule 24 of the CPUC's Rules of Practice and Procedure.

Pacific Gas and Electric Company

By: 
ROBERT B. McLENNAN